

AMENDED IN SENATE MAY 26, 2006
AMENDED IN SENATE APRIL 25, 2006
AMENDED IN SENATE MARCH 27, 2006

SENATE BILL

No. 1675

Introduced by Senator Kehoe

February 24, 2006

An act to add Section 43836 to; the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1675, as amended, Kehoe. Vehicular air pollution: ~~biodiesel blend fuels~~ *renewable diesel fuel*.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law permits, until January 1, 2008, any federal, state, or local agency to utilize a biodiesel blend fuel consisting of not more than 20% biodiesel in any retrofitted vehicular or off-road diesel engine certified by the state board, whether or not biodiesel is expressly identified as a fuel for use with the retrofit system, as provided. *Existing law requires the state board to not adopt any regulation that establishes a specification for motor vehicles fuel unless that regulation, and a multimedia evaluation, as defined, conducted by affected agencies and coordinated by the state board, are reviewed by the California Environmental Policy Council.* Existing law generally provides that a

violation of any rule, regulation, or law relating to air pollution is a crime.

This bill would require, commencing January 1, 2008, all diesel fuel sold or offered for sale in the state for use in internal combustion engines to contain at least 2% ~~biodiesel~~ *renewable diesel* fuel, as defined, and, commencing January 1, 2010, all diesel fuel sold or offered for sale in the state for use in internal combustion engines to contain at least 5% ~~biodiesel~~ *renewable diesel* fuel. The bill would permit the state board to adopt regulations to grant exemptions to those requirements under specified circumstances. The bill would also permit the State Energy Resources Conservation and Development Commission to temporarily suspend those requirements if fuel supplies are shown to be inadequate, as provided.

Because this bill would create new crimes by requiring all diesel fuel sold or offered for sale in the state to contain specified percentages of ~~biodiesel~~ *renewable diesel* fuel by a certain date, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The United States Energy Information Administration
- 4 ranks California as second in petroleum consumption among the
- 5 fifty states.
- 6 (b) As the nation's leading consumer of petroleum for
- 7 transportation, California's increasing demand for petroleum and
- 8 rapidly growing consumption of gasoline and diesel fuel pose
- 9 substantial risks to the state's economy, security and
- 10 environment.
- 11 (c) Growing instability in global oil supplies and rapidly
- 12 increasing demand in China, India, and throughout the world are

likely to increase California's vulnerability to oil supply disruptions and sudden price increases.

(d) California's current and projected levels of gasoline and diesel demand far exceeds California's refinery capacity, which results in limited competition and increased vulnerability to market disruptions.

(e) Cost-effective alternative fuels and advanced technologies are available today, such as biofuels and hybrid electric vehicles, that can lessen economic instability caused by high fuel prices and price spikes, while reducing risks to public health and environmental degradation caused by increased consumption of petroleum fuel.

~~(f) Biodiesel is a petroleum diesel substitute and is one such alternative that~~ *Renewable diesel fuels, including biodiesel, are petroleum diesel substitutes.* Biodiesel is produced from domestic renewable sources and is nontoxic, biodegradable, and cleaner burning than petroleum diesel.

(g) Biodiesel contains no sulfur or aromatics associated with air pollution, reduces toxic emissions, and reduces emissions of greenhouse gases.

(h) It is in the public interest to establish a market for alternative fuels. By requiring a growing percentage of our fuel supply to be renewable ~~biofuel~~ *diesel fuel* that meets appropriate fuel quality standards, California will be able to reduce its dependence on imports of foreign oil, improve the health and quality of life for Californians, and stimulate the creation of a new industry in California that benefits our farmers and rural communities.

(i) In 2004, California fleets used about five million gallons of biodiesel, and according to the California Energy Commission and the California Environmental Protection Agency, biodiesel blends as low as B2 (98 percent diesel and two percent biodiesel) can play an important role in the introduction of cleaner conventional diesel fuels and advanced diesel engines, reducing diesel emissions, and reducing California's dependence on petroleum.

(j) Today almost all vehicle and engine manufacture's accept using blends up to B5 (95 percent diesel and 5 percent biodiesel) with existing diesel engines, provided that the fuel complies with

1 American Society for Testing and Materials (ASTM)
2 specifications.

3 (k) With agricultural surpluses, commodity prices have
4 reached record lows. Implementing a California renewable diesel
5 standard would create new markets for California farm products.
6 Economic conditions are now favorable to utilize domestic
7 surpluses of bio based oil to enhance the state's energy security.

8 SEC. 2. Section 43836 is added to the Health and Safety
9 Code, to read:

10 43836. (a) Commencing January 1, 2008, all diesel fuel sold
11 or offered for sale in the state for use in internal combustion
12 engines, whether in a mobile or stationary source, shall contain at
13 least 2 percent ~~biodiesel~~ *renewable diesel* fuel.

14 (b) Commencing January 1, 2010, all diesel fuel sold or
15 offered for sale in the state for use in internal combustion
16 engines, whether in a mobile or stationary source, shall contain at
17 least 5 percent ~~biodiesel~~ *renewable diesel* fuel.

18 (c) By June 1, 2007, the Department of Food and Agriculture
19 shall submit a feasibility study to the Legislature that assesses the
20 potential of California to produce ~~biodiesel~~ *renewable diesel*
21 feedstocks.

22 (d) The state board may adopt regulations to grant exemptions
23 to the requirements of subdivisions (a) and (b) if it finds either of
24 the following:

25 (1) That engine performance, engine emissions, fuel systems,
26 or emission control equipment would be adversely affected by
27 the standards set forth by subdivisions (a) and (b).

28 (2) That the implementation of those subdivisions without the
29 exemptions would adversely affect the goals for alternative fuels
30 established pursuant to Article 6.5 (commencing with Section
31 43865).

32 (e) The State Energy Resources Conservation and
33 Development Commission may temporarily suspend the
34 requirements of subdivisions (a) and (b) ~~by regulation if biodiesel~~
35 *if renewable diesel* fuel supplies are shown to be inadequate, as
36 determined by the commission.

37 ~~(f) For purposes of this section, "biodiesel" means a fuel~~
38 ~~comprised of mono-alkyl esters of long chain fatty acids derived~~
39 ~~from renewable resources including, but not limited to, vegetable~~
40 ~~oils, waste grease, or animal fats, and meeting the requirements~~

1 of the American Society for Testing and Materials (ASTM)
2 ~~D-6751~~.

3 (f) For the purposes of this section, “renewable diesel fuel”
4 means a diesel fuel that meets the state board diesel fuel
5 requirements and that is either of the following:

6 (1) Biodiesel, which is comprised of mono-alkyl esters of long
7 chain fatty acids derived from renewable resources including,
8 but not limited to, vegetable oils, waste grease, or animal fats,
9 meeting the requirements of the American Society for Testing and
10 Materials (ASTM) D-6751.

11 (2) Any other diesel fuel produced from eligible renewable
12 sources and meeting either the requirements of ASTM D-975 or
13 a state-approved standard promulgated by an American National
14 Standards Society (ANSI) accredited standards development
15 organization, including, but not limited to, the Society of
16 Automotive Engineers (SAE) and ASTM.

17 (g) This section shall be known, and may be cited, as the
18 California Renewable Diesel Standards Act.

19 SEC. 3. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the
24 penalty for a crime or infraction, within the meaning of Section
25 17556 of the Government Code, or changes the definition of a
26 crime within the meaning of Section 6 of Article XIII B of the
27 California Constitution.